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ARIZONA LABOR MARKET INFORMATION

NEWSLETTER

Vol. XV No. 12
December 1991

Unemployment Rate

Seasonally Adjusted
October 1991*

ARIZONA	–	6.1%
Maricopa Co.	–	5.3
Pima Co.	–	4.2
United States	–	6.8

Consumer Price Index

U.S. – October 1991
Base = 1982-84

Wage Earner/Clerical Worker	–	135.4
% Chg. Year Ago	–	2.7
All Urban	–	137.4
% Chg. Year Ago	–	2.9

Phoenix – 3rd Qtr 1991
Base = 1982-84

All Urban	–	137.4
% Chg. Year Ago	–	2.7

Tucson CPI No Longer Available (see May 1991 *Arizona LMI Newsletter*)

* Preliminary

California Exodus

Lower Costs, Less Regulation Helping Attract Jobs From Los Angeles Area, Report Says

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Arizona Department of Economic Security
— Moving People Toward Self-Sufficiency

Report: Neighbors Successfully Mining Jobs in S. California

"There's gold in them, there hills." Following a cry made famous in movies about the California gold-rush days, economic-development groups in Arizona, Nevada, and Mexico have been instrumental in recent years in helping pluck more than a few nuggets from Southern California's wealthy industrial base.

That's according to a report released in November by a California utility company, Southern California Edison (SCE). The report, "Business Climate in Southern California, Southern California Edison's Perspective," says that out of 500 plants constructed in Arizona, Nevada, and Mexico in the past five years, at least 160 — with employment of nearly 22,000 — were built by companies that left Southern California. Of those new facilities, 23 (all in manufacturing) involved relocations to Arizona, accounting for more than 7,500 new jobs (see Figure 1).

In addition, as of the end of September at least 74 more companies with more than 16,000 jobs in SCE's service area — which includes Los Angeles, Orange, San Bernardino, and Riverside counties, but not the city of Los Angeles — were considering moving out of, or already had left, Southern California, the report says. This figure may be low, however, because it only includes companies willing to discuss their plans. "The total number of companies considering leaving the region, or have already left, is no doubt higher," the report says.

Industries in Southern California most frequently targeted by economic developers, the report says, are: printing and publishing, electronics, food products, industrial machinery, transportation equipment, instruments (machine), rubber and plastics, and fabricated metals. All but transportation equipment, which involves wholesale distribution of equipment and supplies, are in the manufacturing sector.

Table 1. Major Reasons Given by Companies for Leaving Southern California

- Quality of Life — transportation, housing cost, quality of schools, environmental quality
- Internal Business Factors — company acquisition/divestiture/consolidation, market access and penetration, product requirements, management preference
- Cost of Doing Business — occupancy cost, labor cost, labor quality, environmental compliance cost
- Government Compliance — environmental compliance, local/state government problems

Source: Southern California Edison, November 1991

The report looked at reasons why companies left Southern California for Arizona, Nevada, and Mexico, and grouped them into four categories. Not surprisingly, about two-thirds of the responses fell into the category "cost of doing business," followed by "internal business factors," "government compliance," and "quality of life" (see Table 1).

The distributional patterns of the categories were similar across the three geographic areas SCE surveyed with one major distinction. While about one-fifth of the companies that moved to Nevada gave reasons that fit into the "quality of life" category, a much smaller percentage (less than 5 percent) of companies moving to Arizona and Mexico responded in that fashion. The likely difference, the report says, is that companies that moved to Nevada were generally smaller. "When a

Statewide Group Sets Priority Areas to Foster Growth

At a town hall meeting in Scottsdale in mid-November, more than 200 business, education, and civic leaders from around the state adopted a blueprint for strategic economic development in Arizona. The forum was part of a project called ASPED (Arizona Strategic Planning for Economic Development), which was put together by a public-private partnership in 1990 to study the state's business and workplace infrastructure and develop a plan to foster economic growth.

Attendees at the planning session helped pare down 97 proposals developed over the past two years by 20 committees of various industry and business groups and research organizations. The project has been overseen by the consulting firm of SRI International of Menlo Park, Calif.

A total of 19 priority areas were selected and those proposals were forwarded to the Governor's Commission on Economic Development, which will use the recommendations to draft bills for the 1992 legislative session. Among the major proposals were:

- reforming tax laws to stimulate economic development and investment, and simplifying tax laws and broadening the tax base to lessen the burden on business.
- creating a statewide job-training program aimed at improving

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small group of people runs a company, decision-makers are likely to emphasize quality-of-life issues if they are moving as well," the report says.

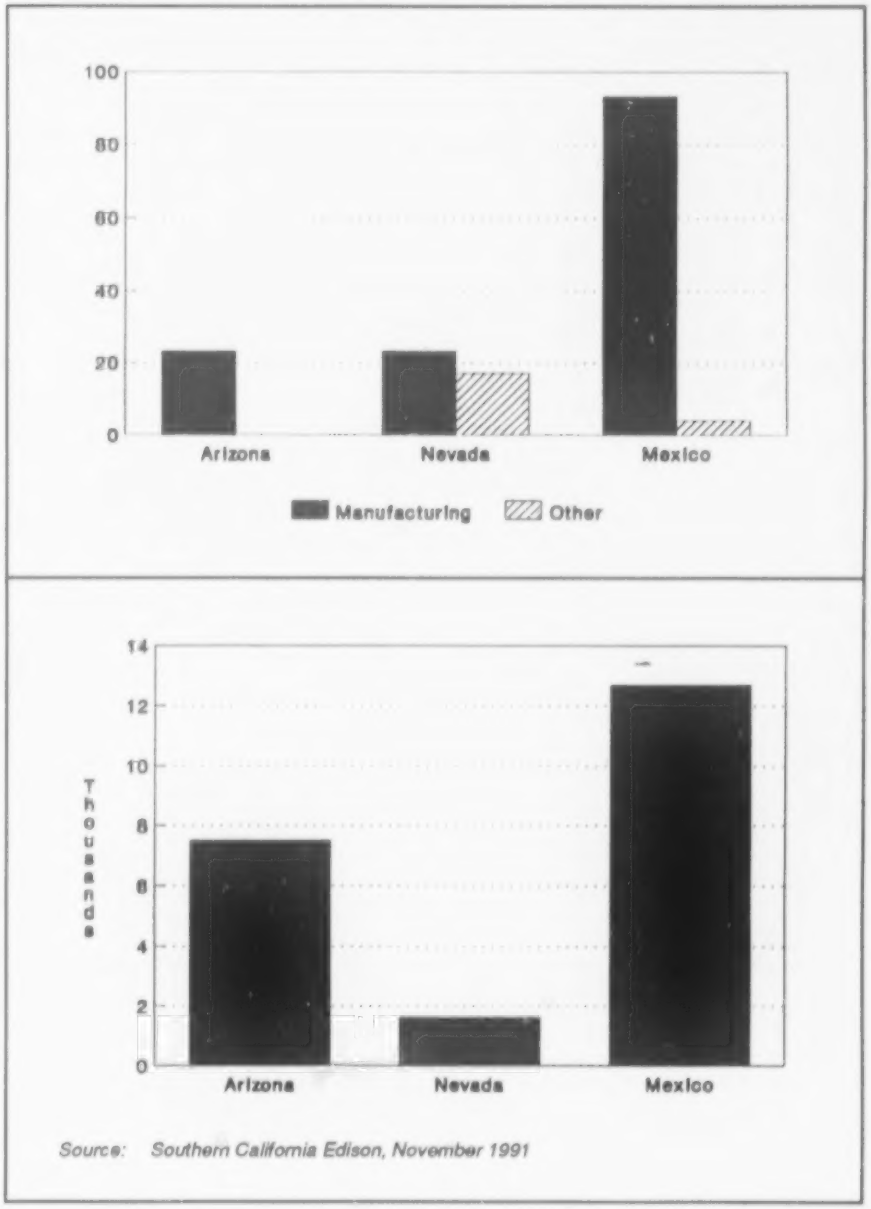
An official with the Arizona Economic Council, a public-private partnership that recruits new business to the state, says it's not surprising "quality of life" issues were not high on the list of companies' reasons for moving to Arizona, given most of the 23 companies involved were in "basic manufacturing" industries. When jobs paying between $6 and $10 an hour are involved and most of the workers are hired locally, "cost of doing business" is usually the major reason for moving, says the Council's David Krietor, economic-development executive officer for the city of Phoenix.[2]

Quality-of-life issues, Krietor says, normally play a bigger role when it involves a high value-added product (e.g., computers, aerospace) that requires a good percentage of technical jobs and hiring from out of state. The advantage Arizona has, he says, is that the state offers the type of workforce and quality-of-life features that allow it to compete for a "broad-range of facilities that are first-tier (high value-added) and second-tier projects."

Although a good percentage of the manufacturing jobs that left Southern California in the last five years were in the second-tier category, the stakes may be increasing. According to the report, economic developers are beginning to target a greater percentage of high-end companies in Southern California. "Downsizing in the aerospace industry, coupled with high operating costs and regulatory burdens, are driving high value-added industries out as well," the report says. The average salary of aerospace workers in Southern California is around $42,000 a year, the report says.

Up until now, economic developers have had little success in luring Southern California's high-end companies to the state, says Keith Watkins, a corporate accounts representative with the Greater Phoenix Economic Council, which recruits businesses for the Maricopa County area. Watkins says a few small companies (around 100 employees) involved in the high-tech field have moved into the state, primarily because of related companies already here (e.g., Intel, Motorola).

Figure 1. Number of Companies (Top) and Respective Jobs (Bottom) Tracked to Arizona, Nevada, and Mexico from Southern California, 1987-1991



Source: Southern California Edison, November 1991

The SCE report also says California companies are "aggressively recruited" by out-of-state economic developers, pointing out that a number of out-of-state companies and organizations — including more than a half-dozen in Arizona — have been involved in extensive recruitment of Southern California companies. It lists the

Statewide Forum

(Continued from page 2)

workers' skills in industries where the state is trying to foster growth (see, "Strategic Plan Targets ... ," p. 5).

- improving math and science skills of students in kindergarten through 12th grade.
- making available money for small businesses through the use of tax breaks and other incentives to encourage private investments in entrepreneurial ventures.
- upgrading of airline service and facilities in the state.
- developing a statewide marketing plan to promote Arizona tourism, and setting up of trade, tourism, and investment offices in Mexico, Japan, and Europe.
- streamlining and simplifying the state's regulatory process, and reviewing the impact of environmental laws on business with an eye toward eliminating unneeded laws and regulations.
- encouraging the development of minority and small-business development.

The strategic planning process was the culmination of the second of three phases for ASPED. The first phase, called Strategic Assessment, began in November 1990 and included: analysis of Arizona's economic strengths and weaknesses; identification of the state's competing, complementary, and interdependent industry groups (clusters); and the determination of Arizona's "economic foundations" (e.g., workforce skills, availability of capital) which support the development of cluster groups.

The first stage ended last spring with SRI International's release of a report called "Arizona At The Crossroads — Strategic Assessment." In that report, SRI pointed out that while Arizona has been one of the leading states in employment growth over the past two decades, much of the growth in the recent past has been in low-paying industries, which has hurt Arizonan's overall standard of living. In addition, the study said the state's economy during the 1980s had relied too heavily on in-migration and tax-induced construction projects, making the state's economy and revenue-generating capabilities vulnerable during economic downturns.

The report suggested that Arizona needs to concentrate on developing nine core industries, or cluster groups (e.g., optics, aerospace, tourism; see *Arizona LMI Newsletter*, June 1991), increase its productivity (e.g., through improving worker skills, better utilization of technologies), and restructure its tax system to avoid overreliance on recession-sensitive revenues (e.g., sales tax).

Following up on the report, the second phase, Strategic Planning Process, began last spring with the purpose to identify goals, set priorities, and develop directions for a strategic economic plan. A three-pronged approach was conducted to accomplish this process and obtain areas of consensus: 1) officials from each cluster group discussed their needs and objectives; 2) officials involved in economic-foundation areas considered the needs of the cluster groups; and 3) regional town halls and forums were held around the state to get the public's input.

The results of the groups' findings were published in a report called "Arizona Strategic Plan for Economic Development," a draft of which was released at November's forum. From this report, discussions were held and final recommendations were made.

ASPED's final stage, appropriately called Implementation, will get under way next February with the drafting and submittal of legislation by the Governor's Commission on Economic Development. Recommendations from the ASPED forum, along with the commission's own ideas, will be used to form a consensus to draft economic-development bills.

—DES, Research Administration

Greater Phoenix Economic Council as one of six economic-development organizations across the country with a permanent office in Southern California.

Watkins agrees with the report's assessment, saying his agency is "leaving no stone unturned" in trying to bring jobs to the Phoenix area. Adding to that, however, Krietor says in many cases companies have already thought about relocating and are coming into economic-development offices unsolicited to obtain information about the state. "Companies want to leave and we are trying to make it as easy as possible," Krietor says.

"We're focusing our greatest efforts in Southern California," says Mark Bare, a special projects coordinator for the state's Commerce Department. Bare says Arizona, along with Colorado, New Mexico, and Nevada are "sitting in a good spot, picking up a lot of the overflow" — from small companies being squeezed by costs to those that want to expand, but not in California. Besides offering lower operating costs, Bare says advantages Colorado and Nevada have over California are a lack of a corporate tax, while

Strategic Plan Targets Five Major Areas for Improving Workforce

The report "Arizona Strategic Plan for Economic Development," a draft of which was released in November, spells out five major areas where the state should focus its efforts to improve the quality of Arizona's workforce. These changes are expected to not only help attract higher quality and better paying jobs from out-of-state companies, but improve the skill level of workers for the state's existing and expanding companies.

The first proposal calls for the creation of statewide workforce-development policy that would plan for the lifelong learning needs of the state's residents. The study suggests that a statewide participatory process — similar to the public-private coalition used for ASPED — be used for assessment, goal-setting, and strategy development to provide "improvement at every educational level" and avoid "marginal reforms." In addition, this initiative recommends the creation of a state clearinghouse on workforce issues and a public-private innovation fund to finance prototypes for change.

The second proposal for improving workforce quality calls for public-private, job-training partnerships that would underwrite employee training and retraining efforts for new and expanding companies within specified cluster (industry) groups. The training program, considered essential for attracting higher-paying, out-of-state companies, would be provided primarily by the state's community colleges.

Workforce Proposals

- ✓ Creation of statewide workforce-development policy
- ✓ Public-private, job-training partnerships
- ✓ Broadening access to education and training
- ✓ Developing a coordinated early childhood-development system
- ✓ Strategy to take advantage of state's ethnic diversity

As it is proposed in the draft report, this initiative differs somewhat from a training bill that was turned down in the 1991 legislative session (see *Arizona LMI Newsletter*, August 1991) First, this plan would use public and private money to fund training and, second, it focuses specifically on helping companies in the nine cluster groups (e.g., aerospace, optics) the state is targeting. The 1991 legislation would have provided training funds for companies across all industries and been funded primarily through taxes on business.

The reason for the change, says one ASPED official, is to avoid spending money on attracting companies that pay relatively low wages and focus on developing cluster areas. In addition, training "is not just for attracting new business, but for retention and expansion (of existing companies)," says Ted Kraver, chairman of the Human Resource Foundation panel that studied workforce-training issues.

The remaining three proposals focus on upgrading and improving access to the state's educational and social-services system. The trio of initiatives are concerned with ensuring that residents start receiving proper training on the front end (early in life), so that less attention is needed on the back end (after leaving or dropping out of school) when it's harder to facilitate skill upgrading.

One proposal calls for broadening access to education and training by tailoring programs to individual needs, expanding services, and using telecommunication and other technologies to improve service delivery. Two examples would be to open up training programs currently offered by large companies to employees of small business, and to use satellite technology for training (through media such as television) to reach individuals who otherwise would be unable to obtain specialized training.

A fourth initiative would develop a coordinated early childhood-development system to "replace the current fragmented

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Arizona has the advantage of no franchise tax and its proximity to the West Coast.

Notes:

1. Moving out of Southern California does not always mean leaving that state; it could also mean moving to central or northern California.
2. While "labor cost" was one of only several reasons included in the "cost of doing business" category, it was likely one of the largest factors, although the report does not break down the distribution of reasons within categories. The report does not discuss the average wage of jobs that left Southern California, but in the industry groups listed, wages are generally about 15 to 20 percent lower in Arizona and Nevada than in Southern California. Also, high workers' compensation costs, due to stress-related injuries, is another major cost cited by companies wanting to leave Southern California, says Dave Krietor of the Arizona Economic Council.

—Brent Fine,
Arizona LMI Newsletter Editor

UI Benefits Extended; Eligible Arizonans to Receive Up to 13 Additional Weeks

Following are brief stories relating to labor issues affecting the nation and Arizona.

President Bush and Congress agreed in mid-November on a plan to extend unemployment benefits for the nation's long-term jobless. The legislation could give nearly 3 million Americans who exhaust their benefits between March 1, 1991 and June 13, 1992, up to 13 or 20 extra weeks of unemployment benefits beyond the normal maximum 26 weeks of coverage.

According to one source, an agreement was struck on the legislation, expected to cost about $5.3 billion, when differences were ironed out over stepped-up collections of student loans, which will be used to help pay for the measure. The agreement ended a four-month stalemate between Bush and Congress in which two earlier pieces of legislation were vetoed by the President because they were considered too costly and would "bust" a budget agreement worked out a couple of years ago.

States with an average unadjusted employment rate of 9 percent or higher for the most recent six-month period for which data are published, or an adjusted insured unemployment rate of 5 percent or higher for the last 13 weeks qualify for an additional 20 weeks of unemployment benefits. Any state that doesn't meet either standard are eligible for an additional 13 weeks. Between now and next June 13, however, states can move to the higher or lower level of benefits, depending on their two rates.

In Arizona, covered unemployed individuals are currently eligible for an additional 13 weeks of benefits. The current maximum unemployment insurance benefit in Arizona is $175 a week; it will rise to $185 a week in July 1992.

Pilot Programs to Aid Unemployed Young Adults

The U.S. Labor and Health and Human Services departments have announced plans to jointly fund 15 pilot programs to help underemployed young adults find and retain unsubsidized, permanent jobs. Using grants totaling nearly $11 million, the demonstration projects over the next three to five years will integrate health, education, and employment services to primarily aid "at-risk" young workers.

Six grants will support demonstration projects that use co-workers and volunteers to help young people with moderate and severe disabilities make the transition from school or supported-work environments into unsubsidized jobs. Three other projects will aid youth who have criminal records or are in custody of the courts make the transition to independent living. And three other grants will try to improve educational, training, and employment opportunities for youth in high poverty and crime areas. None of the pilot programs are in Arizona.

'Labor Surplus Areas' for FY 91-92 Announced

The U.S. Labor Department (DOL) has designated 12 civil jurisdictions in Arizona as "labor surplus areas" for federal fiscal year 1991-92, which runs from Oct. 1, 1991, through Sept. 30, 1992. The labor surplus status helps areas of high unemployment by making it easier for them to receive federal procurement dollars. Employers in these areas are eligible for preference in bidding on designated federal contracts.

NEW DEVELOPMENTS

In FY 1991-92, civil jurisdictions with an average unemployment rate of 6.6 percent or higher for the period from January 1989 through December 1990. The qualifying unemployment rate for FY 1990-91 was also 6.6 percent. Additionally, during the fiscal year DOL can classify jurisdictions as labor surplus areas due to "exceptional circumstances" — plant closures, contract cancellations, natural disasters, and other unforeseen problems. Areas are added on a monthly basis.

Labor Surplus Areas	Civil Jurisdictions Included
Apache Co.	Apache Co.
Balance of Coconino Co.	Coconino Co. less Flagstaff City
Gila Co.	Gila Co.
Graham Co.	Graham Co.
Greenlee Co.	Greenlee Co.
La Paz Co.	La Paz Co.
Navajo Co.	Navajo Co.
Pinal Co.	Pinal Co.
Santa Cruz Co.	Santa Cruz Co.
Sierra Vista City	Sierra City less Cochise Co.
Yuma City	Yuma City in Yuma Co.
Balance of Yuma Co.	Yuma Co. less Yuma City

A complete listing of surplus areas, including updates, and general information on the program are available in *Area Trends in Employment and Unemployment*, published monthly by DOL's Employment and Training Administration. Cost is $24 for a year subscription and $3 for a single issue. To order, write: Superintendent of Documents, U.S. Government Printing Office, Washington D.C.; or call: (202) 783-3238.

Looking for a Job? 'Go West' Young Person

With few exceptions, the top 25 states for growth in wage and salary jobs for the year ending in September were located west of the Mississippi River. Nebraska led all states for that period with 5.3 percent growth, followed by South Dakota (3.1 percent), Utah (3.0 percent), Arkansas (2.8 percent), and North Dakota (2.4 percent). Arizona, with 1.5 percent growth, was in eighth place. West Virginia and Kentucky were the only states east of the Mississippi to crack the top 25, and they were far down the list in 18th and 21st place, respectively. In fact, the bottom 15 states for wage and salary growth were all from the eastern-half of the country with most located in the Northeast. Horace Greeley must have been an economist.

The Arizona Labor Force in October

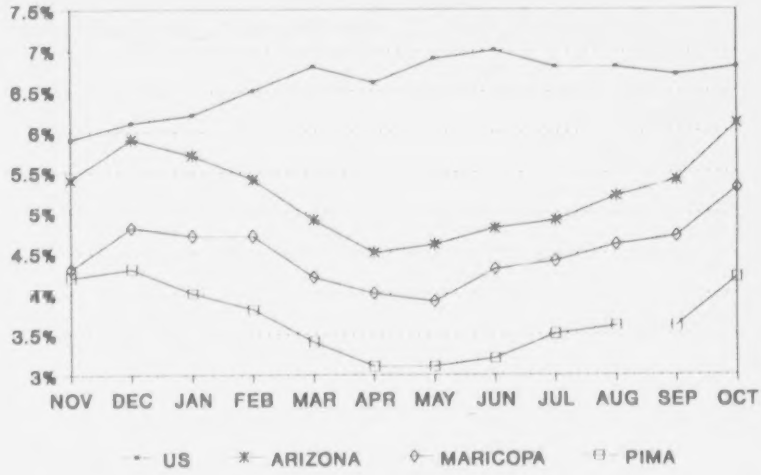
The effects of the national recession began catching up with Arizona in October. Total unemployment in the state grew by 8,100 during the month, helping push up the state's seasonally adjusted unemployment rate seven-tenths of a percentage percent to 6.1 percent. Nationally, an increase of 140,000 in total unemployment caused the U.S. unemployment rate to edge up one-tenth of a percentage point to 6.8 percent.

As might be expected, the state's two major metropolitan areas, which control 80 percent of Arizona's employment, also experienced sharp increases in their jobless rates in October. Maricopa County's rate jumped from 4.7 percent to 5.3 percent, while Pima County's rate rose from 3.6 percent to 4.2 percent.

In fact, all of Arizona's counties experienced higher unemployment rates in October, except in Greenlee County where the rate (6.6 percent) remained the same. And five of Arizona's 15 counties — Apache, Gila, Navajo, Santa Cruz, and Yuma — were experiencing double-digit unemployment rates in October.

Although the number of unemployed in Arizona climbed in October, the number of non-farm payroll jobs continued to grow. Non-farm payroll employment increased 15,700 with all of the gain coming in three major industry groups — trade, services, and government. These industry groups account for more than two-thirds of the wage and salary jobs in Arizona and almost all of the over-the-year job growth (October 1990 to October 1991).

Figure 1. U.S., Arizona, Maricopa County, and Pima County Unemployment Rates, November 1990-October 1991



Source: U.S. Department of Labor, Bureau of Labor Statistics; and Arizona Department of Economic Security, Research Administration, November 1991

Government Led All Sectors

The industry group with the largest employment gain in October was government, which added 10,200 positions. Another month of school-employment gains and an increase in state government employment, due mainly to State Fair workers, accounted for most of the increase.

Services had the next largest gain, increasing by 4,700. Miscellaneous services added the most jobs (2,600), followed by health services (1,000), hotels and other lodging places (600), and business services (500). Over the year, services added 16,800 jobs to the Arizona economy, growing at a 4.1 percent pace.

Trade added 2,700 jobs in October, a slow month when compared to the 10-year average increase of 4,600 jobs. Both wholesale trade (up 400) and retail trade (up 2,300) came in below their 10-year average gains. Employment increases by general merchandise and apparel stores and the catchall category of "other retail" were responsible for most of retail trade's gains.

All other major industry groups in Arizona lost employment in October with manufacturing and mining showing the smallest declines. Manufacturing lost 100 jobs in the durable goods sector, while non-durable goods was unchanged. A loss of 300 in the aircraft and missiles sector of durable goods was partially offset by gains of 100 in both the machinery and the lumber and wood products sectors. Mining, on the other hand, showed a normal seasonal decline of 100 with all of the loss occurring in copper mining.

FIRE Continues to Falter

FIRE (finance, insurance, and real estate) continued to experience problems in October, losing another 300 jobs. FIRE has lost employment in three of the last four months and is down by 1 percent over-the-year.

Employment in TCPU (transportation, communications, and public utilities) fell 500 in October as the industry group had its fourth straight monthly decline and has lost jobs in eight out of the last 10 months. Over the year, employment in Arizona's transportation sector is down 1.1 percent, while communications and public utilities employment is off 3.9 percent.

The Arizona industry group that had the largest drop in employment in October was construction, which lost 900 jobs. But construction losses of this magnitude are a normal seasonal occurrence in October. Construction's losses were concentrated mainly in special trades; general construction was down slightly. Losses in

(Continued on page 12)

Arizona Labor Force and Employment

October 1991 (in Thousands)

	ARIZONA			AMOUNT CHANGE		MARICOPA COUNTY			AMOUNT CHANGE		PIMA COUNTY			AMOUNT CHANGE	
	Oct.* 1991	Sept.** 1991	Oct. 1990	Sept. - Oct.	1990 - 1991	Oct.* 1991	Sept.** 1991	Oct. 1990	Sept. - Oct.	1990 - 1991	Oct.* 1991	Sept.** 1991	Oct. 1990	Sept. - Oct.	1990 - 1991
TOTAL CIVILIAN LABOR FORCE* **	1714.4	1709.7	1738.6	4.7	-24.2	1061.9	1060.0	1078.9	1.9	-17.0	317.0	317.4	318.3	-0.4	-1.3
Total Unemployment	103.2	95.1	83.1	8.1	20.1	56.4	51.5	42.1	4.9	14.3	13.3	11.7	11.6	1.6	1.7
Unemployment Rate	6.0%	5.6%	4.8%	—	—	5.3%	4.9%	3.9%	—	—	4.2%	3.7%	3.7%	—	—
Unemployment Rate (Sea. Adj.)**	6.1%	5.4%	4.8%	—	—	5.3%	4.7%	3.8%	—	—	4.2%	3.6%	3.7%	—	—
Total Employment	1611.2	1614.6	1655.5	-3.4	-44.3	1005.5	1008.5	1056.8	-3.0	-31.3	303.7	305.7	306.5	-2.0	-2.8

Note: Above labor force statistics should not be used for economic-assistance programs

NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1536.3	1520.6	1516.1	15.7	20.2	1008.7	997.2	1001.5	11.5	7.2	265.5	263.5	257.8	2.0	7.7
Manufacturing	178.9	179.0	185.6	-0.1	-6.7	132.6	132.6	138.0	0.0	-5.4	25.3	25.3	26.4	0.0	-1.1
Durable Goods	132.3	132.4	139.1	-0.1	-6.8	100.1	100.3	105.2	-0.2	-5.1	19.5	19.4	20.6	0.1	-1.1
Stone, Clay, and Glass	6.2	6.2	6.9	0.0	-0.7	3.4	3.5	4.1	-0.1	-0.7					
Primary and Fabricated Metals	13.9	13.9	14.3	0.0	-0.4	9.4	9.4	9.6	0.0	-0.2					
Primary Metals	6.2	6.2	6.2	0.0	0.0										
Fabricated Metals	7.7	7.7	8.1	0.0	-0.4										
Machinery	56.6	56.5	59.3	0.1	-2.7	47.0	46.9	49.1	0.1	-2.1					
Aircraft and Missiles	24.3	24.6	27.3	-0.3	-3.0										
Lumber and Wood Products (Excluding Furniture)	6.6	6.5	6.6	0.1	0.0										
Nondurable Goods	46.6	46.6	46.5	0.0	0.1	32.5	32.3	32.8	0.2	-0.3	5.8	5.9	5.8	-0.1	0.0
Food and Kindred Products	11.1	11.0	10.4	0.1	0.7	7.4	7.2	7.0	0.2	0.4					
Printing and Publishing	16.9	17.0	17.6	-0.1	-0.7	11.8	11.8	12.4	0.0	-0.6					
Mining and Quarrying	13.2	13.3	12.6	-0.1	0.6	0.7	0.7	0.8	0.0	-0.1	2.4	2.4	2.2	0.0	0.2
Copper Mining	10.6	10.7	9.9	-0.1	0.7										
Construction	80.3	81.2	84.9	-0.9	-4.6	52.2	52.9	57.1	-0.7	-4.9	15.4	15.6	15.2	-0.2	0.2
Trans., Communications, & Public Utilities	80.4	80.9	82.3	-0.5	-1.9	55.8	56.6	59.0	-0.8	-3.2	10.7	10.5	9.6	0.2	1.1
Transportation	45.9	46.4	46.4	-0.5	-0.5	33.2	33.9	35.1	-0.7	-1.9	6.1	6.0	5.0	0.1	1.1
Communications and Public Utilities	34.5	34.5	35.9	0.0	-1.4	22.6	22.6	23.9	0.0	-1.3	4.6	4.5	4.6	0.1	0.0
Trade	380.4	377.7	372.9	2.7	7.5	257.4	254.7	250.6	2.7	6.8	61.6	61.5	60.6	0.1	1.0
Wholesale Trade	75.7	75.3	75.5	0.4	0.2	61.1	60.8	61.3	0.3	-0.2	7.4	7.4	7.5	0.0	-0.1
Retail Trade	304.7	302.4	297.4	2.3	7.3	196.3	193.9	189.3	2.4	7.0	54.2	54.1	53.1	0.1	1.1
General Merchandise and Apparel	49.1	47.9	47.4	1.2	1.7	30.1	29.4	29.0	0.7	1.1	8.8	8.8	8.5	0.0	0.3
Food Stores	50.9	50.8	49.9	0.1	1.0	32.3	32.3	31.4	0.0	0.9	9.1	9.2	8.8	-0.1	0.3
Automotive and Service Stations	35.3	35.5	34.9	-0.2	0.4	22.2	22.3	21.6	-0.1	0.6	5.7	5.8	5.6	-0.1	0.1
Eating and Drinking Places	108.7	109.0	105.8	-0.3	2.9	71.0	70.2	68.0	0.8	3.0	19.8	19.9	19.3	-0.1	0.5
Finance, Insurance, and Real Estate	94.6	94.9	95.6	-0.3	-1.0	75.7	75.8	76.3	-0.1	-0.6	11.6	11.7	11.7	-0.1	-0.1
Services and Miscellaneous	428.3	423.6	411.5	4.7	16.8	289.5	285.7	279.6	3.8	9.9	79.5	78.4	75.1	1.1	4.4
Hotels and Lodging Places	44.5	43.9	43.3	0.6	1.2	28.1	26.9	26.7	1.2	1.4	6.6	6.3	6.2	0.3	0.4
Business Services*****	83.3	82.8	79.7	0.5	3.6	66.3	66.0	64.2	0.3	2.1	12.2	12.0	11.1	0.2	1.1
Health Services	105.6	104.6	102.1	1.0	3.5	67.8	67.2	66.2	0.6	1.6	23.2	23.1	22.1	0.1	1.1
Government	280.2	270.0	270.7	10.2	9.5	144.8	138.2	140.1	6.6	4.7	59.0	58.1	57.0	0.9	2.0
Federal	45.8	45.9	45.8	-0.1	0.0										

* Preliminary
** Revised
*** Adjusted to the Current Population Survey to reflect place of residence
**** Normal seasonal variations have been eliminated to reflect underlying economic trends
***** Business Services underwent a series break between December 1987 and January 1988

Note: Annual averages may not total correctly due to rounding

Prepared by the Arizona Dept. of Economic Security, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

Non-metropolitan Counties
Labor Force and Employment
October 1991

	Apache	Cochise	Coconino	Gila	Graham	Greenlee
CIVILIAN LABOR FORCE*	15,525	35,375	44,625	13,175	8,350	3,475
Total Unemployment	1,925	2,575	2,800	1,325	550	225
Rate	12.5%	7.3%	6.3%	10.0%	6.7%	6.6%
Rate (Seas. Adj.)**	14.8%	7.7%	7.1%	10.5%	6.7%	6.6%
Total Employment	13,600	32,800	41,825	11,850	7,800	3,250
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY	16,600	26,100	43,450	11,775	5,700	3,575
Manufacturing	550	1,125	3,450	1,450	225	25
Mining & Quarrying	25	100	75	1,325	0	2,000
Construction	450	1,025	1,575	600	175	400
T.C.P.U.	1,900	1,725	2,600	525	125	50
Trade	1,500	5,125	10,050	2,400	1,575	300
F.I.R.E.	450	650	850	300	125	25
Services & Misc.	5,825	4,975	11,225	2,425	900	175
Government	5,900	11,375	13,625	2,750	2,575	600

	La Paz	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
CIVILIAN LABOR FORCE*	5,500	38,025	26,950	38,050	12,050	41,850	52,550
Total Unemployment	525	2,700	2,625	3,325	2,300	2,275	10,325
Rate	9.5%	7.1%	9.7%	8.7%	19.0%	5.5%	19.7%
Rate (Seas. Adj.)**	9.5%	7.4%	11.0%	9.4%	15.4%	5.6%	23.4%
Total Employment	4,975	35,325	24,325	34,725	9,750	39,575	42,225
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY	4,050	28,025	22,000	31,325	10,900	29,800	28,975
Manufacturing	275	2,550	1,975	3,750	1,025	2,475	2,150
Mining & Quarrying	75	50	1,225	4,150	25	1,075	50
Construction	300	2,700	825	475	300	2,500	1,400
T.C.P.U.	150	1,300	1,575	1,075	750	1,050	1,025
Trade	1,325	8,050	4,425	5,475	4,800	7,800	8,625
F.I.R.E.	100	1,400	450	725	275	1,025	1,000
Services & Misc.	825	7,150	5,125	5,025	1,875	7,475	6,275
Government	1,000	4,825	6,400	10,650	1,850	6,400	8,450

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

Estimated Hours and Earnings of Production Workers in Selected Industries Arizona

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Oct.* 1991	Sep.** 1991	Oct. 1990	Oct.* 1991	Sep.** 1991	Oct. 1990	Oct.* 1991	Sep.** 1991	Oct. 1990
Manufacturing	$442.65	$444.99	$416.70	41.1	40.9	40.3	10.77	10.88	10.34
Aircraft & Missiles	642.79	662.07	651.62	44.3	45.1	45.6	14.51	14.68	14.29
Food & Kindred Prod.	328.32	328.86	344.16	38.9	37.8	38.8	8.44	8.70	8.87
Primary Metals	511.46	511.63	512.45	40.4	40.8	38.3	12.66	12.54	13.38
Machinery	455.26	452.92	373.98	41.5	41.1	38.2	10.97	11.02	9.79
Copper Mining	653.67	645.17	613.99	43.9	43.8	43.3	14.89	14.73	14.18
Construction	452.84	442.23	462.43	37.8	37.1	38.6	11.98	11.92	11.98
Utilities	757.77	755.06	736.27	43.6	42.3	44.3	17.38	17.85	16.62
Retail Trade***	273.58	281.01	257.75	32.3	32.6	32.3	8.47	8.62	7.98
Wholesale Trade	414.72	413.00	390.91	38.4	38.1	38.1	10.80	10.84	10.26

Estimated Hours and Earnings of Production Workers in Selected Industries Maricopa County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Oct.* 1991	Sep.** 1991	Oct. 1990	Oct.* 1991	Sep.** 1991	Oct. 1990	Oct.* 1991	Sep.** 1991	Oct. 1990
Manufacturing	$459.12	$461.20	$446.71	41.7	41.7	41.4	11.01	11.06	10.79
Construction	465.11	462.15	487.04	37.6	37.3	39.5	12.37	12.39	12.33
Retail Trade***	287.97	298.15	265.52	33.1	33.5	32.7	8.70	8.90	8.12
Wholesale Trade	426.73	423.12	412.68	38.9	38.5	38.0	10.97	10.99	10.86

Estimated Hours and Earnings of Production Workers in Selected Industries Pima County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Oct.* 1991	Sep.** 1991	Oct. 1990	Oct.* 1991	Sep.** 1991	Oct. 1990	Oct.* 1991	Sep.** 1991	Oct. 1990
Manufacturing	$414.63	$423.50	$354.05	40.1	40.8	36.5	10.34	10.38	9.70
Construction	390.22	388.87	395.63	36.3	37.0	36.7	10.75	10.51	10.78
Utilities	635.30	661.15	634.54	41.2	42.3	41.5	15.42	15.63	15.29

* Preliminary.

** Revised

*** Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment for Economic Assistance Programs October 1991

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,714,480	1,611,249	103,231	6.0%
Apache	15,526	13,593	1,933	12.5
Cochise	35,372	32,803	2,569	7.3
Coconino	44,640	41,830	2,810	6.3
Gila	13,177	11,855	1,322	10.0
Graham	8,368	7,808	560	6.7
Greenlee	3,478	3,249	229	6.6
La Paz	5,495	4,972	523	9.5
Maricopa	1,061,949	1,005,500	56,449	5.3
Mohave	38,036	35,324	2,712	7.1
Navajo	26,943	24,325	2,618	9.7
Pima	317,025	303,743	13,282	4.2
Pinal	38,034	34,717	3,317	8.7
Santa Cruz	12,028	9,739	2,289	19.0
Yavapai	41,861	39,576	2,285	5.5
Yuma	52,549	42,214	10,335	19.7

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983.
Data are not comparable to any past series.

Labor Force

(Continued from page 7)

special trades have accounted for more than half of the 4,600 over-the-year decline in construction employment.

Non-farm payroll employment continues to show over-the-year growth in Arizona, but the gain has deteriorated. In January, over-the-year job growth was 3.5 percent, but by October the rate had fallen to 1.3 percent. In the early part of 1991, manufacturing and construction were responsible for most of the weakness in the Arizona economy. In recent months, however, TCPU and FIRE have also contributed to the state's sluggish economic performance.

Arizona may have escaped most of the ill effects of a national recession in the first half of 1991, but the prolonged weakness in the national economy is having its effects now. Without some major improvements nationally, the Arizona economy should continue to remain weak for the near-term.

—Dennis Doby
RA Economist

(Continued from page 5)

Proposals

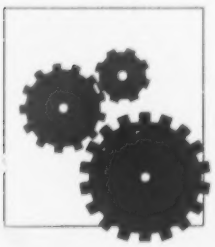
approach to providing health, social, and other developmental services" to Arizona's young children. This would be done through expanding and analyzing existing services and early learning programs (e.g., HeadStart funds), and encouraging greater business involvement in early childhood development (e.g., child-care programs). The final proposal calls for a four-part strategy to take advantage of the state's ethnic diversity as Arizona not only competes for business on a national, but international level. The initiative suggests: 1) educating companies about the advantages of having multicultural workforces; 2) improving and heightening interest in international education and business throughout the state's educational system; 3) promoting the learning of languages in schools; and 4) devising strategies to keep minorities from dropping out of school.

—DES, Research Administration

Hughes, Burr-Brown Announce Layoffs; Jet Facility Should Add Jobs in Tucson

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the Arizona LMI Newsletter is not responsible for incorrect information reported by these sources.

MANUFACTURING — The Tucson metropolitan area received some disturbing news in November from two of its major employers, Hughes Aircraft Co. and Burr-Brown Corp. **Hughes announced it will be eliminating 1,600 well-paying jobs** by the end of 1992 as contracts run out with the Defense Department for two types of missiles. The losses, which represent nearly one-third of Hughes' workforce in Tucson, will affect production workers (900), salaried production workers (400), and salaried positions in support organizations. Hughes' employment in Tucson has steadily declined since it peaked at 9,000 in 1986. Meanwhile, **Burr-Brown**, which manufactures precision-microelectronics products, says it **plans to eliminate about 240 jobs**, or 20 percent of its workforce, by early next year as part of a restructuring plan. The layoffs will affect a wide range of technical, professional, and managerial positions. A global recession is blamed for the cutbacks, which come on top of the elimination of about 100 positions in 1989.



The news wasn't all bad for the Tucson area as a newly opened **jet-maintenance facility at Tucson International Airport expects to add 100 positions** over the next few years. The Canadair Challenger service center, part of a $2.8 million renovation project, services Challenger business jets, which are a larger cousin of the Learjet. Since Bombardier Inc. of Montreal purchased Learjet 18 months ago, employment at the Learjet and Challenger operations in Tucson has grown from 250 to 360.

McDonnell Douglas Helicopter Co. is expected to build a 75,000-square-foot metal-processing plant at its Mesa facilities. The $8 million plant, which will be used to clean, paint, and do other preparation work for metal parts, should open in 1993. No details about potential employment were made available, but it is expected that work from a similar plant in Culver City, Calif., will be shifted to the Mesa operation.

The U.S. subsidiary of a major French marketing and manufacturing company, Groupe Legris Industries, is moving its North American headquarters and some of its manufacturing operations to Mesa. **Legris Inc.** of Rochester, N.Y., which produces metal and plastic fittings, connectors, and valves, **plans to initially build a 20,000-square-foot facility** on 10 acres near the Superstition Freeway and Power Road. Legris expects to employ about 40 workers there beginning next fall.

NEW DEVELOPMENTS

Pending approval of zoning changes and other considerations, **Volkswagen of America Inc.** will purchase 1,600 acres near the town of Maricopa in Pinal County for a **new automobile-test track and related facilities**. Volkswagen, which currently tests cars at Phoenix International Raceway, expects the test track to be operational next December and employ around 30 people.

Stone Forest Industries cited a lack of timber as the reason for its plans to **lay off 60 workers** at its Flagstaff sawmill by the end of the year. Studies on the effects of tree cutting in three national forests in Arizona have required a 15 percent cutback in tree cutting in those forests. With these layoffs, 200 workers will have lost jobs this year at Stone Forest's operations in Flagstaff, Eager, and at Kaibab Industries' mill in Fredonia.

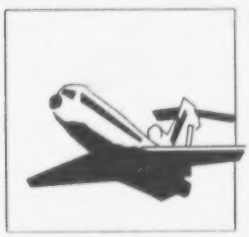
Garrett Auxiliary Power Division of Phoenix, which manufactures gas-turbine engines for airplanes, will **eliminate 115 jobs in January**, or 5 percent of its workforce. A division of Allied-Signal Aerospace Co., Garrett Auxiliary Power has laid off 320 workers in 1991 and Garrett's five divisions in the Valley have let go more than 1,600 workers the past 12 months — with more layoffs expected in 1992. A slowdown in the aerospace industry is blamed for the cutbacks.

CONSTRUCTION — **Westcor Partners**, which owns many of the Valley's shopping malls, has **announced plans for major expansion and remodeling of some of its existing properties**, as well the building of a new "power center" in Peoria. Westcor expects to begin remodeling the Colonnade Mall, 18th Street and Camelback Road, in early 1992, which will include construction of a 40,000-square-foot Bally's U.S. Swim & Fitness Center and remodeling of a former 100,000-square-foot Sears store for use by one to three tenants. The Phoenix-based company also plans to add 200,000 square feet to Westridge Mall, 75th Avenue and Thomas Road, with the addition of a Mervyn's and Montgomery Ward. A third project calls for a $15 million renovation of MetroCenter — from new skylights to food court — beginning in January with completion set for October. Finally, Westcor is negotiating with city of Peoria officials to construct a 550,000-square-foot North Valley Power Center at 83rd Avenue and Bell Road that would be anchored by Target and Ross Dress for Less stores. If all goes according to plan, work would begin early in 1992, and three additional anchor stores will be added on later to the 52-acre site.

PMH Health Resources Inc., which operates Phoenix Memorial Hospital, has been **given final approval by the city of Goodyear to build a $150 million medical mall** that eventually will include 800,000 square feet of space. First up will be a two-story, 25,000-square-foot office building with construction expected to begin in early 1992. Following completion of that project will be the construction of several facilities that offer outpatient diagnostic and treatment services, outpatient surgery, and professional services. Finally, when the population of the surrounding area reaches 75,000, a 240-bed hospital and several extended-care facilities will be built. All will be built on 36 acres in Litchfield Park at Litchfield Road and Interstate 10.

Work is set to begin on three other major health-care projects in the Valley — the Mayo Clinic Scottsdale's $27 million Samuel C. Johnson Medical Research Center, and medical office buildings next to Arrowhead Community Hospital in Glendale and Humana Hospital-Desert Valley in north Phoenix. The 75,000-square-foot research center, which will study diseases such as cancer and arthritis, is scheduled to open in mid-1993. A 30,000-square-foot office building adjacent to Arrowhead Community Hospital, 18701 N. 67th Ave., is the first of several projects for the hospital's campus and should be finished by next June. And zoning approval by the city of Phoenix was recently granted for a 88,000-square-foot medical building as part of Humana's campus at 38th Street and Bell Road. No completion date was given.

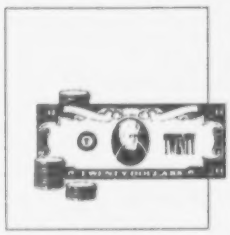
TRANSPORTATION, COMMUNICATIONS and PUBLIC UTILITIES — **Alaska Airlines plans to add 85 employees to its reservations center** in Tempe by early 1992. The Seattle-based air carrier says the Tempe facility has hired between 85 and 100 workers a year since its opening in 1989. Phoenix and Tucson, meanwhile, are awaiting news of the location of a new Alaska Airlines' maintenance facility, which is expected to eventually employ around 2,000 workers with an average salary of about $40,000. The two Arizona cities found out in early November they are among five U.S. cities in the hunt for the center. The airline is expected to make a decision by the end of March.



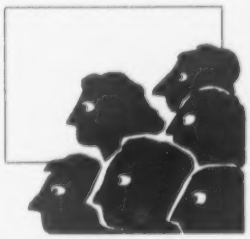
Lufthansa German Airlines is expected to purchase from PS Group of San Diego a **pilot-training facility at Phoenix-Goodyear Municipal Airport in Goodyear by early 1992.** Before the sale, however, 70 of the facility's approximately 300 workers will lose their jobs; those remaining are expected to take a 10 percent pay cut. About 300 pilots a year receive training at the center; primarily for Lufthansa, All Nippon Airways, Air France, and Iberia Airlines.

Dallas-based **Southwest Airlines plans to add nearly 600 employees to its Valley workforce in 1992**, primarily due to an increase in flights from Phoenix Sky Harbor International Airport. Southwest expects to hire 300 flight attendants, 80 pilots, 50 reservation agents, and 150 workers at its new maintenance facility at Sky Harbor. The air carrier recently added flights on routes where flights were dropped by Phoenix-based America West Airlines, which filed for bankruptcy protection in June and has cut its Arizona and nationwide workforce in recent months.

FINANCE, INSURANCE AND REAL ESTATE — **First Interstate Bank of Arizona** announced in mid-November plans to **eliminate the equivalent of 387 full-time positions** in the state by the end of January as part of a corporate-wide restructuring plan. First Interstate, which currently is the second largest Arizona bank in terms of assets, plans to close 21 branches throughout the state; 13 in Phoenix, four in Tucson, and one each in Green Valley, Sedona, Yuma, and Clarkdale. First Interstate Bank of Arizona is a subsidiary of First Interstate Bancorp. of Los Angeles.



TRADE — **Five of six El Pollo Loco restaurants in the Valley closed** in mid-November, forcing the layoff of about 70 employees. The Irvine, Calif.-based chain of fast-food chicken restaurants said it was not able to increase its volume enough to overcome the increasing cost of doing business. Some employees will be offered jobs in California and at Denny's restaurants that the chain owns. One El Pollo Loco store each in Phoenix and Yuma will continue to operate.



Ironically, **RB Furniture**, also based in Irvine, California, will be **closing up shop in Arizona** by the end of January. Six outlets, five in Phoenix and one in Tucson, are being liquidated in order to raise cash to save the company's 28 stores in California and 10 outlets in three other western states. About 200 Arizona employees will have to find other work. RB Furniture filed for protection under Chapter 11 of U.S. bankruptcy laws in November.

Ground is expected to be broken in late 1992 on the Spectrum Fashion Mall, a regional shopping center at Interstate 10 and the Superstition Freeway in Tempe, which will nearly equal the size of Phoenix' MetroCenter. The first phase of the 1.3 million square-foot mall will be anchored by a Bullock's and two other department stores and is expected to open in 1994. Two other department stores will eventually be added to the mall, which will be part of Spectrum Center, a $400 million mixed-use development that will include office buildings and residential property.

About 10 percent of Circle K Corp.'s 700 convenience stores in Arizona will close as part of a company plan to shut down or

sell 40 percent of its 3,800 stores nationwide. Since filing for bankruptcy protection in 1990, the Phoenix-based chain has closed 800 stores around the nation. Circle K, which employs about 3,300 workers in the Valley, says that employees at stores that are closed will likely be offered work at other Circle K stores or be kept on by owners who purchase stores and continue to operate them.

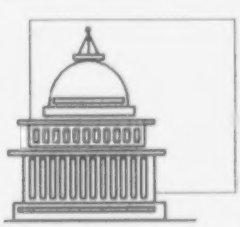
SERVICES — Residents of **Holbrook will lose their only hospital** sometime in early 1992 due to lack of use and the city's inability to continue to absorb mounting losses. The hospital's shutdown will force the lay off of 25 employees who may have to find employment at the two nearest hospitals in Winslow and Show Low, 30 and 50 miles away, respectively. Since 1987, the hospital has lost about $1.4 million. The city operates on annual budget of $6.5 million.

McDonnell Douglas Travel Co., based in Huntington Beach, Calif., will **locate a reservations center in Phoenix** that will initially employ 105 workers and may eventually expand to nearly 300. The state Commerce and Economic Development Commission approved a $700,000, low-interest loan in early December to help lure the company, which works only with corporate clients. Average salary of the reservation agents is expected to be around $25,000, which would be above the industry norm.

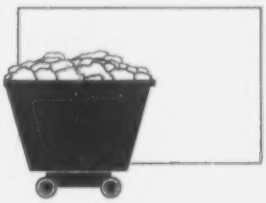
Kenney Enterprises of Mesa, which recently purchased Island of Big Surf in Tempe and Water World USA in Phoenix, has contracted with R & R Creative Design of Anaheim to **renovate the two recreation properties**. Big Surf will take on a Polynesian atmosphere while Water World USA will receive a safari makeover.

Occupancy rates for Valley hotels and resorts in September was at 62.5 percent, well below the 70 percent rate normally considered necessary to break even. For the year ending in September, Valley hotels had added 838 rooms, or a 2.5 percent increase, while the demand for rooms had increased 1 percent. Room rates, however, were $71.17 in September, compared to $69.89 a year earlier. One hospitality expert is predicting a sluggish peak season (January through March) for the Phoenix area, but a better-than-average second quarter.

GOVERNMENT — The **city of Phoenix will cut 115 street-department jobs** in January, either through layoffs, early retirements, or reassignments. A 10 percent reduction in the city's share of state highway-users taxes forced the cutbacks, approved by the Phoenix City Council in November. Sixteen miles of arterial-street improvements planned for fiscal year 1991-92 were cut in half due to a projected loss of $7.3 million in highway-users funds.



MINING — Colorado-based **AZCO Mining Co. plans to open a copper mine** 10 miles northeast of Safford next summer if an environmental-impact study is positive. The open-pit mine on 1,400 acres of federal land is expected to yield 25,000 tons of copper over about 17 years. There is no information on employment at this time.



MISCELLANEOUS — **Arizona has signed reciprocity agreements with Utah and Nevada** that should make it easier for contractors to work in each state. Under the agreements, in most cases — plumbers and electricians are excluded from the pacts — all three states will waive trade-exam requirements and accept each others' licensing qualifications, but applicants will still have to pass business-management tests. In August, Arizona signed a similar agreement with California. More information on the agreements can be obtained by contacting the Arizona Registrar of Contractors.

The Arthur Anderson accounting firm has released its list of the **largest 100 independent, privately held employers in Arizona**. The top 10 included: Amerco (U-Haul International), Phoenix; Shamrock Foods Co., Phoenix; Discount Tire Co., Scottsdale; Sundt Corp., Tucson; Bar-S Foods Co., Phoenix; Gosnell Builders, Phoenix; Sun Land Beef Co., Tolleson; Forever Living Products International Inc., Phoenix; Kitchell Corp., Phoenix; and United Dairymen of Arizona, Tempe. The trade sector had 32 companies in the list, followed by the category of construction and real estate (26), and manufacturing (18).

Smith's Food and Drug Centers has come to terms with the United Food and Commercial Workers Union, which represents 2,500 employees in its stores in Maricopa and Pima counties. The agreement came a month and a half after the Salt Lake City-based supermarket chain recognized the union when 75 percent of the stores' employees signed cards supporting having organized representation. The three-year agreement, which includes separate contracts for meat cutters and workers outside the meat department, covers health and pension benefits, as well as wages. The union also represents workers at three other grocery chains in the state — ABCO, Fry's, and Safeway.

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